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To: Alistair Clark
Corporate Director, Environment and Sustainability Department
European Bank for Reconstruction and Development

Copy to: Gilles Mettetal, Director, Agribusiness Department
European Bank for Reconstruction and Development

Dear Mr Clark,

I am writing to draw your attention to flaws in the preparation of the Nibulon Project in the Ukraine. We request that you do not provide financing to the project until the necessary corrections are made and the appropriate EBRD procedures are followed.

Agricultural producer and grain trader Nibulon Ltd. has asked the EBRD to provide a USD 50 million loan to finance its investments in grain infrastructure in the Ukraine. This involves constructing five grain elevators with transshipment river terminals, and building “river-sea” type ships for grain transportation. The project is categorized as 'B' and so, with regards to its environmental impact, no EIA has been carried out. The EBRD's board of directors approved the loan on June 8th 2010.

Then on July 24th, public hearings were held in Kaniv over the construction of a grain terminal there, in which the construction was revealed to be part of the EBRD financed project mentioned above. This grain terminal is planned to be constructed on the left bank of the river Dnieper. **The area chosen for the construction is part of Shevchenko's National Park, a protected area set around the memorial of the greatest Ukrainian poet, Taras Shevchenko.**

The memorial is situated on the high hills of the right Dnieper river bank. From here visitors to the site experience the picturesque view of the river and the left bank. The landscape of this territory remains in its natural state, as it was in the times of Taras Shevchenko, and has significant historical and memorial importance. The memorial is the most famous tourist attraction in the city of Kaniv, which prioritises tourism in its official planning scheme. It is also an important cultural and spiritual site for Ukrainians from all over the world.

Since the decision of Cherkassy region council on 15th February, 1988 the territories of the left Dnieper bank have been included in the protected area of Shevchenko's National Park. Nibulon's grain terminal is planned to be built within this protected area.

However, according to the EBRD's Environmental and Social Policy, projects to be carried out in sensitive locations, which includes inter alia national parks and areas of cultural significance, should be categorized as 'A' and be subject to full-scale Environmental Impact Assessment (EIA).

Not conducting an EIA for this grain terminal in Kaniv is a violation of EBRD's procedures. It has already resulted in both conflicts of interest for the local population, and breaches Ukrainian legislation regarding construction in protected areas:

- Nibulon's construction plans in Kaniv have met serious opposition from the local people. The first public hearings were held in June this year and the position of local people toward construction of the terminal on the chosen site was negative. The strategic plan of Kaniv city development until 2020 prioritizes development of tourism, and the idea of a huge grain terminal in the most visible of places totally contradicts this priority.
- The second hearings were organized rather rapidly, with the information released only 2 days beforehand, not 10 days as required by Statute of Kaniv City community (paragraph 2.7.6.). Such a short notice certainly did not allow everyone interested to participate. NECU's representative at those hearings noted the majority of the audience were pro-construction stakeholders. Furthermore, that the host of the meeting demonstrated bias and did not allow the opposition to speak.
- According to information given by Nibulon Ltd. during the second public hearings, the planned grain terminal would be 36 m high. But within the protected zone of Shevchenko's National Park the maximum allowed height of buildings is 10 m to ensure the landscape remains unchanged. This means that the EBRD's client Nibulon's plans would violate the legislation regarding National Parks with a structure 3,5 times taller than allowed.

Taking into account all of the above, we ask the EBRD to stop supporting this project in its present form. A full-scale EIA would help to objectively evaluate negative environmental and social effects expected from this part of the Nibulon project. We encourage the bank to perform such an EIA, which would be in line with EBRD's Environmental and Social policy.

Upon EIA conclusion, the EBRD should encourage the client to choose a different construction site for this grain terminal, in an area where such construction does not harm cultural heritage and valuable landscapes.

We also kindly ask the EBRD to provide us with the text of environmental analysis done for the Nibulon project. The information released in the non-technical resume of the project is too scarce to allow an understanding of which potential negative effects were analyzed.

Sincerely,



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